App. F. IX-4

Previous References

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Letter References.

Q. 2

GENERAL AND REVENUE SECRETARIAT.

Serial No. One

Part B for November 1936.

SUBJECT.

Request of the Managing Editor, "The Hindu" for an article on "Mysore Finances"

WD 0307—GPB—22,500—2-8-35

Rec

CONFIDENTIAL.

1214. C.7-11|5-36-1

DEWAN'S OFFICE
2 OCT 1936
No... 674

U.O.No.413/Books. 1st October 1936.

I forward herewith copy of D.O. letter dated 25-9-1936 received from Mr.K.Srinivasan, Managing Editor, "The Hindu" Mount Road, Madras requesting me to send him an article on "Mysore Finances".

Orders of Government are solicited as to whether the request may be complied with. If Government are inclined to comply with the request, a draft note on the subject suggested will be submitted for approval before I send the same to him.

Comptroller.
2.10.36

For orders. May perhaps be approved (Dewan) 2/10 but his name should not appear in the papers.

3-10-36

(Compt)

To

S.Shamanna, Esq., B.A.,
Financial Secretary to Government

with compliments.

COMPTROLLER'S OFFICE
5 OCT. 1936
BANGALORE.

U.O.No.458/Books dt 13.10.36.

Noted and returned with compliments.

2. A draft note on the subject is put up herewith. If approved, it will be sent to Mr. K. Srinivasan, the Managing Editor, with a request that my name should not appear in the paper and that the matter should be kept strictly confidential.

Comptroller.

To

S. Shamanna, Esq., B.A.,
Financial Secretary to Govt.

FINANCE
15 1936

General and Revenue Secretariat | File No. 1214/26 of 193 | [App. F. III—2

Serial No.

For perusal.

The note put up by the Comptroller is harmless. Mr.Raghavachar said that the Managing Editor of the Hindu wanted the note to be sent immediately and that he would arrange to send the note to him today, in anticipation of approval. This may be approved

Dewan

17/10

18-10-36

(Copy for record & return) 9/10

477/Books. 19-10-1936.

noted & returned with compliments

19.10.36

Comptroller

To

S. Shamanna, Esq., B.A.,
Financial Secretary to Government
of Mysore, Bangalore.

May be recorded.

4-11-36

4-11-36

NOTE—Contn. Sheet.

WD 0417--GPB--80,000--8-9-36

Copy of D.O.letter dated 25th September 1936 from -
Mr. K. Srinivasan, Managing Editor, " The Hindu ", Mount Road, Madras to H.R.Y. A.N.Raghavachar Avl., "Andapuram House", Chamarajpet, Bangalore city.

I intend to bring out a Special Mysore Supplement of THE HINDU at the time of the Dusserah Celebrations next month. May I request you to send me a special article on some subject connected with your activities? I may, however, suggest "Mysore Finances" for your theme.

An early reply will oblige.

--- C O P Y ---

A N Raghavach

Comptroller.

Mysore Finances.

A brief review has been made in this article so as to give a general retrospect of the position of the Finances of the Mysore State in the decennium ending with 1935-36. The year 1926-27 which is the starting year of the decennium was one of deficit, the gross revenue during that year being about 339 lakhs and the net expenditure charged to Revenue, about 348 lakhs. The revenue has advanced during the decade by about 47 lakhs and the net expenditure, by about 36 lakhs. An examination of the figures indicate that the increase in revenue is partly contributed by the Excise Duty on Matches and Sugar and the Betting Tax which are new sources of revenue and partly by the additional revenue derived from the Kolar Gold Fields Mining Companies on account of (~~receipts from the exploitation of~~ royalty on & Income tax on gold, additional interest due to larger investments and increase in receipts under Krishnaraja Sagara Hydro-Electric and Irrigation Works on account of expansion. The large additions to the State Debt including accretions to State Life Insurance and Provident Funds, Savings Bank Deposits, etc., the growth in the pension charges and larger expenditure incurred on items of Protection, viz., Courts of Law, Police, Medical and Public Health are responsible for the growth in expenditure. It may be mentioned that the Subsidy to British Government was reduced by 10½ lakhs from the year 1928-29.

2. The years 1927-28 to 1929-30 showed small surpluses, and the position of equilibrium between Revenue and Expenditure that was being maintained during these three years was upset in 1930-31 by a substantial decline under some of the important Heads of Revenue due to severe trade and economic depression, the fall in revenue being as large as 43 lakhs while the increase in the net expenditure charged

charged to Revenue was about 19 lakhs. Thus, the results of the Revenue Account in the year 1930-31 showed a deficit of about 62 lakhs requiring prompt and careful measures to restore the budgettary equilibrium (without seriously dislocating administrative machinery ~~so that the financial arrangements might not be seriously dislocated~~). A Committee was constituted by Government with a view to explore the possibility of economies and of improvement of revenues and to suggest ways and means for establishing the position of financial equilibrium. As a result of the comprehensive and searching examination of the Finances made by the Committee, several measures of retrenchment involving lakhs of rupees, reduction or abolition of allowances, revision of rules applicable to travelling allowance and contingent expenditure were promptly ordered and in addition an emergency reduction in the salaries of the Government Servants involving annual savings of about 6 lakhs was also ordered. Measures to improve the revenue resources were also simultaneously undertaken. His Highness the Maharaja and the Members of the Ruling Family graciously contributed their quota in easing the financial position and earned the gratitude of the subjects. The revenue which was the lowest in 1930-31 gradually began to advance together with a simultaneous reduction in expenditure as a result of the several measures of retrenchment adopted, and the year 1935-36 showed an improvement of Rs.53½ lakhs over the level of 1930-31 and the expenditure, a decline of about 11½ lakhs. The deficit which stood at about 62 lakhs during 1930-31 was gradually reduced and disappeared ~~in~~ during 1935-36. As the position showed signs of improvement, the emergency cut in salaries of Government Servants was completely restored from July 1936, but, to husband the financial

resources

resources of the State, the economy measures undertaken in several directions are still continued. 3. There has been steady progress in Revenue without resort to additional taxation and the expenditure programme is being carefully regulated with reference to the total revenue, after setting apart necessary contribution to the Loan Sinking Fund and Depreciation Funds. The resources available are being spent in the best possible manner for the development of the various activities of Government and the Nation Building Departments.

4. The development of the economic resources of the State has been one of the most important objects of the financial policy and works of large magnitude have been undertaken in pursuance of it. The following are some of the important works taken up during the decennium ending 1935-36 :-

Railways.	(1)	Construction of a Railway from Shimoga to Sagar (about 50 miles) Railway line from Shimoga to Anandapuram already opened for traffic.
Electrical.	(2)	Electrification of a large number of towns and villages
	(3)	Power Supply for Irrigation Pumps, Industrial Concerns, etc., at favourable rates.
	(4)	Expansion of the Telephone System in the Bangalore and Mysore Cities.
Irrigation.	(5)	Construction of the Irwin Canal in the Krishnaraja Sagara with a view to develop irrigation in the K.R.S. area to the extent of about 1,20,000 acres and several other channels and tanks.
Industrial Concerns.	(6)	Porcelain Factory
	(7)	Silk Weaving Factory
	(8)	Factory for the production of electrical materials
	(9)	Industrial and Testing Laboratory
	(10)	Installation of a Plant at the Mysore Iron Works for the manufacture of steel.

(11) Factory for the manufacture of Cement

(12) Mysore Sugar Factory
(13) Mysore Paper Mills
(14) Mysore Spun Silk Mills.

} Run as Joint Stock ~~Companies.~~ Concerns

Other Works. (15) Scheme for the supply of water to the Bangalore City and Civil and Military Station.

(16) Extension of Tobacco Cultivation.

The State has spent about Rs. 117 lakhs on tanks and irrigation out of the ordinary revenue during the last ten years.

5. It may not be out of place to make a passing reference to the debt position of the State. The total debt which was about 5 crores in the beginning of 1926-27 has now risen to about 9 crores, i.e., an increase of about four crores. The Unfunded Debt has also increased by about 2½ crores of rupees. As against this, however, the total amount spent on capital undertakings has increased by about 5 crores and the total investments show an improvement of about 1½ crores. The net interest charges during 1935-36 amount to Rs. 36 lakhs, while the net revenue from the productive works (after providing for the depreciation of the fixed assets) is Rs. ~~54~~ 53 lakhs. A Sinking Fund has been built up from the Revenue Account for the redemption of the public loans on the due dates, and with regard to Unfunded Debt, etc., adequate ~~resource~~ reserves in a liquid condition are maintained.

6. During 1935-36, the State discharged its Sterling Debt of £1,200,000 which had been raised in London in 1886. Opportunity was taken by Government of the easy money conditions prevailing in 1933-34 and 1934-35 and conversion operation of loans bearing higher rates of interest into one carrying lower rate of interest was also undertaken with a view to reduce the burden of

interest

interest charges on the Finances of the State. It may be mentioned that the Mysore Government Securities are very popular not only in the State itself but also throughout the whole of ~~British~~ India ~~and elsewhere.~~ Various facilities for payment of interest, etc., on these Securities have been afforded throughout India and the loans, some of which are current from the year 1920, are quoted at high premiums and are in great demand by investors in the different markets.

7. Of the several problems that are confronting the State at present, Federation, the Retrocession of the Civil and Military Station and the abolition of the annual subsidy of ~~R.~~ Rs.24½ lakhs to the Government of India which is a heavy burden to the State and stands in the way of a more rapid progress in the activities of Government, are perhaps some of the important ones. There is no doubt that the State will handle these problems in all the stages with its usual thoroughness and to bring ~~about~~ them ~~desired result.~~ to a Satisfactory Conclusion.

8. It may be said to the credit of the State and its administrators that the State has been marching on sure and steady lines in the evolution of a policy designed to raise standards in the moral, material, industrial and economic life of the country and in promoting the material well-being, the means of living and the prosperity of its subjects.

A. S. Leyland

Comptroller.

MSR